

**VILLAGE OF FOREST**  
**Forest, Louisiana**

**Annual Financial Statements**  
**With Independent Auditor's Report**  
**As of and for the Year Ended**  
**December 31, 2012**  
**With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date           AUG 07 2013

VILLAGE OF FOREST  
Forest, Louisiana

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With Independent Auditor's Report  
As of and for the Year Ended December 31, 2012  
With Supplemental Information Schedules

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**VILLAGE OF FOREST**  
**Forest, Louisiana**  
**Contents, December 31, 2012**

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## **Independent Auditor's Report**

### **VILLAGE OF FOREST**

Forest, Louisiana

#### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities and major fund of the Village of Forest as of December 31, 2012, and for the year then ended, and the related notes to the financial statements, which collectively comprise the village's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Forest's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Forest's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**VILLAGE OF FOREST**  
**Forest, Louisiana**  
**Independent Auditor's Report,**  
**December 31, 2012**

***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Village of Forest as of December 31, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 11 and the budgetary comparison information on pages 31 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

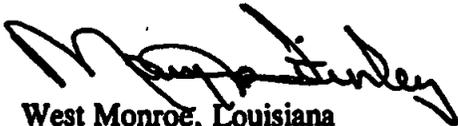
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Forest's office basic financial statements. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The supplemental information schedules listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

**VILLAGE OF FOREST**  
Forest, Louisiana  
Independent Auditor's Report,  
December 31, 2012

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued a report dated March 29, 2013, on my consideration of the Village of Forest's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Forest's internal control over financial reporting and compliance.



West Monroe, Louisiana  
March 29, 2013

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

VILLAGE OF FOREST  
Forest, Louisiana

Management's Discussion and Analysis  
December 31, 2012

As management of the Village of Forest, we offer readers of the Village of Forest's financial statements this narrative overview and analysis of the financial activities of the Village of Forest for the year ended December 31, 2012. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**Overview of the Financial Statements**

This Management Discussion and Analysis document introduces the Village's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Village's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

*Government-wide financial statements.* The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Forest's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village of Forest's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Forest is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned, but unused, sick leave).

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Forest, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Forest can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village of Forest adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the major fund to demonstrate compliance with this budget.

**Proprietary funds.** Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses its enterprise fund to account for its water utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the enterprise fund, which is considered to be a major fund of the Village.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Village of Forest's performance.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Village of Forest exceeded liabilities by \$804,662. Approximately 48% of the Village of Forest's net position reflects its investment in capital assets (e.g., equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

The balance in unrestricted net position is affected by two factors: 1) resources expended, over time, by the Village of Forest to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets being included in the statement of net position.

**STATEMENT OF NET POSITION**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$129,351	\$111,614
Receivables	<u>14,922</u>	<u>14,964</u>
Total current assets	144,273	126,578
Restricted assets - cash and cash equivalents	127,319	127,454
Capital assets - not depreciated	27,500	27,500
Capital assets (net of accumulated depreciation)	<u>1,446,914</u>	<u>1,507,893</u>
<b>TOTAL ASSETS</b>	<u><b>\$1,746,006</b></u>	<u><b>\$1,789,425</b></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$1,551	\$2,466
Customer meter deposits	32,560	32,280
Payable from restricted assets - accrued interest	<u>3,421</u>	<u>3,494</u>
Total current liabilities	<u>37,532</u>	<u>38,240</u>
Long term liabilities:		
Due in one year	17,688	16,806
Due in more than one year	<u>886,124</u>	<u>903,821</u>
Total long term liabilities	<u>903,812</u>	<u>920,627</u>
<b>TOTAL LIABILITIES</b>	<u><b>941,344</b></u>	<u><b>958,867</b></u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	386,929	419,992
Contributed capital (net of accumulated depreciation on fixed assets acquired with federal grant)	98,910	104,405
Retained earnings:		
Reserved for debt service	37,355	36,397
Reserved for contingencies	4,672	4,708
Unreserved - undesignated	<u>73,305</u>	<u>58,074</u>
Total retained earnings	115,332	99,179
Unrestricted	<u>203,491</u>	<u>206,982</u>
<b>TOTAL NET POSITION</b>	<u><b>\$804,662</b></u>	<u><b>\$830,558</b></u>

**STATEMENT OF ACTIVITIES**

	<u>2012</u>	<u>2011</u>
<b>Primary Government:</b>		
<b>Governmental Activities:</b>		
Personal services	\$3,000	\$3,000
Operating services	10,162	20,325
Materials and supplies	2,042	2,399
Public safety	2,488	2,528
Depreciation expense	<u>9,701</u>	<u>11,102</u>
Total Governmental Activities	<u>27,393</u>	<u>39,354</u>

<b>Business-type Activities:</b>		
<b>Water and sewer</b>		
Salaries	\$62,354	\$69,714
Payroll taxes	4,770	5,333
Administrative	14,744	22,618
Utilities	13,407	17,619
Repairs and maintenance	1,170	6,282
Insurance	11,511	20,305
Materials and supplies	33,988	16,444
Testing expense	3,050	4,302
Depreciation expense	49,879	52,439
<b>Total Business-type Activities</b>	<b>194,873</b>	<b>215,056</b>
<b>Total Primary Government</b>	<b>222,266</b>	<b>254,410</b>
<b>Governmental Activities:</b>		
Occupational licenses	6,318	6,801
Fees, charges and commissions	5,095	6,705
Other revenue	586	199
<b>Business-type - Water sales</b>	<b>187,706</b>	<b>199,297</b>
<b>Total program revenues</b>	<b>199,705</b>	<b>213,002</b>
<b>Net Program Expenses (Revenues)</b>	<b>(22,561)</b>	<b>(41,408)</b>
<b>General revenues (expenses)</b>		
Tax, franchise	4,661	5,453
Interest earned	1,514	847
Interest expense	(41,650)	(42,488)
<b>Intergovernmental:</b>		
Federal grant	25,000	18,110
State grants		5,000
Adjustment for depreciation on capital assets acquired with federal grants	5,495	5,495
<b>Total general revenues (expenses)</b>	<b>(4,980)</b>	<b>(7,583)</b>
<b>Special items</b>		
Proceeds from disposal of assets	7,140	
<b>Change in Net Position</b>	<b>(20,401)</b>	<b>(48,991)</b>
<b>Net Position - Beginning of year</b>	<b>726,153</b>	<b>775,144</b>
<b>Net Position - End of year</b>	<b>\$705,752</b>	<b>\$726,153</b>

## **Financial Analysis of the Government's Funds**

As noted earlier, the Village of Forest uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2012, the General Fund unreserved, unassigned fund balance of \$19,818 showed an increase of \$7,610 over December 31, 2011.

## **General Fund Budgetary Highlights**

Differences between the bottom line of the original budgets and the final budgets were relatively small.

## **Capital Asset and Debt Administration**

**Capital assets.** The Village of Forest's investment in capital assets for its governmental activities as of December 31, 2012, amounts to \$183,673 (net of accumulated depreciation). This investment includes land, furniture and equipment and construction in progress. There were no increases for the year and decreases of \$14,000 in capital outlay for the year ended December 31, 2012.

**Long-term debt.** At the end of the fiscal year, the Village of Forest had business type activity debt outstanding, in the form of revenue bonds, of \$903,812. During the year ended December 31, 2012, \$16,815 of debt was paid in accordance with the debt agreement.

## **Requests for Information**

This financial report is designed to provide a general overview of the Village of Forest's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Forest, P.O. Box 338, Forest, LA 71242.

**March 29, 2013**

**BASIC FINANCIAL STATEMENTS**

**VILLAGE OF FOREST**  
Forest, Louisiana

**STATEMENT OF NET POSITION**  
December 31, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$19,112	\$110,239	\$129,351
Accounts receivable	<u>1,103</u>	<u>13,819</u>	<u>14,922</u>
Total current assets	20,215	124,058	144,273
Restricted assets - cash and cash equivalents		127,319	127,319
Capital assets - not depreciated	27,500		27,500
Capital assets (net of accumulated depreciation)	<u>156,173</u>	<u>1,290,741</u>	<u>1,446,914</u>
<b>TOTAL ASSETS</b>	<b><u>\$203,888</u></b>	<b><u>\$1,542,118</u></b>	<b><u>\$1,746,006</u></b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$397	\$1,154	\$1,551
Customer meter deposits		32,560	32,560
Payable from restricted assets - accrued interest		<u>3,421</u>	<u>3,421</u>
Total current liabilities	<u>397</u>	<u>37,135</u>	<u>37,532</u>
Long term liabilities:			
Due in one year		17,688	17,688
Due in more than one year		<u>886,124</u>	<u>886,124</u>
Total long term liabilities	<u>NONE</u>	<u>903,812</u>	<u>903,812</u>
<b>TOTAL LIABILITIES</b>	<b><u>397</u></b>	<b><u>940,947</u></b>	<b><u>941,344</u></b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt		386,929	386,929
Contributed capital (net of accumulated depreciation on capital assets acquired with federal grant)		98,910	98,910
Retained earnings:			
Reserved for debt service		37,355	37,355
Reserved for contingencies		4,672	4,672
Unreserved - undesignated		<u>73,305</u>	<u>73,305</u>
Total retained earnings		115,332	115,332
Unrestricted	<u>203,491</u>		<u>203,491</u>
<b>TOTAL NET POSITION</b>	<b><u>\$203,491</u></b>	<b><u>\$601,171</u></b>	<b><u>\$804,662</u></b>

The accompanying notes are an integral part of this statement.

**VILLAGE OF FOREST**  
Forest, Louisiana

**STATEMENT OF ACTIVITIES**  
December 31, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
Personal services	\$3,000		\$3,000
Operating services	10,162		10,162
Materials and supplies	2,042		2,042
Public safety	2,488		2,488
Depreciation expense	9,701		9,701
<b>Total Governmental Activities</b>	<u>27,393</u>	<u>NONE</u>	<u>27,393</u>
<b>Business-type Activities:</b>			
Water and sewer			
Salaries		\$62,354	62,354
Payroll taxes		4,770	4,770
Administrative		14,744	14,744
Utilities		13,407	13,407
Repairs and maintenance		1,170	1,170
Insurance		11,511	11,511
Materials and supplies		33,988	33,988
Testing expense		3,050	3,050
Depreciation expense		49,879	49,879
<b>Total Business-type Activities</b>	<u>NONE</u>	<u>194,873</u>	<u>194,873</u>
<b>Total Primary Government</b>	<u>27,393</u>	<u>194,873</u>	<u>222,266</u>
<b>Governmental Activities:</b>			
Occupational licenses	6,318		6,318
Fees, charges and commissions	5,095		5,095
Other revenue	586		586
<b>Business-type Activity - Water sales</b>		<u>187,706</u>	<u>187,706</u>
<b>Total program revenues</b>	<u>11,999</u>	<u>187,706</u>	<u>199,705</u>
<b>Net Program Expenses (Revenues)</b>	<u>(15,394)</u>	<u>(7,167)</u>	<u>(22,561)</u>
<b>General revenues (expenses)</b>			
Tax, franchise	4,661		4,661
Interest earned	102	1,412	1,514
Interest expense		(41,650)	(41,650)
Intergovernmental-			
Federal grant		25,000	25,000
Adjustment for depreciation on capital assets acquired with federal grants		5,495	5,495
<b>Total general revenues (expenses)</b>	<u>4,763</u>	<u>(9,743)</u>	<u>(4,980)</u>
<b>Special item-</b>			
Proceeds from disposal of assets	7,140		
<b>Change in Net Position</b>	(3,491)	(16,910)	(20,401)
<b>Net Position - Beginning of year</b>	<u>206,982</u>	<u>519,171</u>	<u>726,153</u>
<b>Net Position - End of year</b>	<u>\$203,491</u>	<u>\$502,261</u>	<u>\$705,752</u>

The accompanying notes are an integral part of this statement.

**VILLAGE OF FOREST**  
**Forest, Louisiana**  
**GOVERNMENTAL FUNDS**

Balance Sheet, December 31, 2012

	GOVERNMENTAL FUND TYPE - GENERAL FUND	PROPRIETARY FUND TYPE - WATER ENTERPRISE FUND
<b>ASSETS</b>		
Current assets:		
Cash	\$19,112	\$110,239
Accounts receivables	1,103	13,819
Total current assets	20,215	124,058
Restricted assets - cash and equivalents		127,319
Water system plant and equipment (Net of accumulated depreciation)		1,290,741
<b>TOTAL ASSETS</b>	<b>\$20,215</b>	<b>\$1,542,118</b>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Current liabilities:		
Accounts payable	\$397	\$1,154
Customer meter deposits		32,560
Payable from restricted assets - accrued interest		3,421
Revenue bonds payable		903,812
Total liabilities	397	940,947
Fund Equity:		
Contributed capital (net of accumulated depreciation on fixed assets acquired with federal grant)		98,910
Retained earnings:		
Reserved for debt service		37,355
Reserved for contingencies		4,672
Unreserved - undesignated		460,234
Total retained earnings	NONE	502,261
Fund Equity - unreserved- unassigned	19,818	
Total Fund Equity	19,818	601,171
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$20,215</b>	<b>\$1,542,118</b>

The accompanying notes are an integral part of this statement.

**VILLAGE OF FOREST  
Forest, Louisiana**

**Reconciliation of Governmental Funds  
Balance Sheet to the Statement of Net Position**

**For the Year Ended December 31, 2012**

	<u>Governmental Fund Type</u> <u>General Fund</u>
<b>Total Fund Balance - Governmental Funds (Statement C)</b>	<u><b>\$19,818</b></u>
<b>Cost of capital assets</b>	<b>\$246,196</b>
<b>Less: Accumulated depreciation</b>	<u><b>(62,523)</b></u> <u><b>183,673</b></u>
<b>Net Position (Statement A)</b>	<u><u><b>\$203,491</b></u></u>

**The accompanying notes are an integral part of this statement.**

**VILLAGE OF FOREST**  
**Forest, Louisiana**  
**GOVERNMENTAL FUNDS**

**Statement of Revenues, Expenditures,  
and Changes in Fund Balance**

**For the Year Ended December 31, 2012**

	<u>GENERAL FUND</u>
<b>REVENUES</b>	
Tax, franchise	\$4,661
Occupational licenses	6,318
Fees, charges and commissions	5,095
Use of money and property - interest earnings	102
Other revenue	<u>586</u>
<b>Total revenues</b>	<u><b>16,762</b></u>
<b>EXPENDITURES</b>	
General government - current:	
Personal services	3,000
Operating services	10,162
Materials and supplies	2,042
Public safety	<u>2,488</u>
<b>Total expenditures</b>	<u><b>17,692</b></u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<b>(930)</b>
<b>OTHER FINANCING SOURCE -</b>	
Proceeds from disposal of assets	<u>8,540</u>
<b>EXCESS OF REVENUES AND OTHER SOURCE OVER EXPENDITURES</b>	<b>7,610</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u><b>12,208</b></u>
<b>FUND BALANCE AT END OF YEAR</b>	<u><u><b>\$19,818</b></u></u>

The accompanying notes are an integral part of this statement.

**VILLAGE OF FOREST**  
**Forest, Louisiana**

**Reconciliation of Governmental Funds**  
**Statement of Revenue, Expenditures, and Changes**  
**in Fund Balance to the Statement of Activities**

**For the Year Ended December 31, 2012**

**Governmental**  
**Fund Type -**  
**General Fund**

<b>Total net change in fund balance - governmental funds (Statement D)</b>	<b>\$7,610</b>
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>	
<b>Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation for the period.</b>	<b>(9,701)</b>
<b>Governmental funds do not report gain or loss on disposition of assets. In the Statement of Activities, gain on disposition of assets increased when the asset is disposed.</b>	<b><u>(1,400)</u></b>
<b>Change in net position of governmental activities (Statement B)</b>	<b><u><u>(\$3,491)</u></u></b>

**The accompanying notes are an integral part of this statement.**

**VILLAGE OF FOREST  
FOREST, Louisiana  
PROPRIETARY FUND TYPE -  
WATER ENTERPRISE FUND**

**Statement of Revenues, Expenses,  
and Changes in Retained Earnings  
For the Year Ended December 31, 2012**

<b>OPERATING REVENUES</b>	
Water sales	<u>\$187,706</u>
<b>OPERATING EXPENSES</b>	
Salaries	62,354
Payroll taxes	4,770
Administrative	14,744
Utilities	13,407
Repairs and maintenance	1,170
Insurance	11,511
Materials and supplies	33,988
Testing Expense	3,050
Depreciation	<u>49,879</u>
Total Operating Expenses	<u>194,873</u>
<b>OPERATING INCOME</b>	<u>(7,167)</u>
<b>NON-OPERATING REVENUES (Expenses)</b>	
Interest income	1,412
Federal grant	25,000
Interest expense	<u>(41,650)</u>
Total Non-Operating Revenues (expenses)	<u>(15,238)</u>
<b>NET INCOME</b>	<u>(22,405)</u>
<b>OTHER FINANCING SOURCE (Use)</b>	
Adjustment for depreciation on capital assets acquired with federal grants	<u>5,495</u>
<b>TOTAL OTHER FINANCING SOURCE (USE)</b>	5,495
<b>TOTAL NET INCOME AND OTHER FINANCING SOURCE (Use)</b>	<u>(16,910)</u>
<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<u>519,171</u>
<b>RETAINED EARNINGS AT END OF YEAR</b>	<u>\$502,261</u>

The accompanying notes are an integral part of this statement.

**VILLAGE OF FOREST  
FOREST, Louisiana  
PROPRIETARY FUND TYPE -  
WATER ENTERPRISE FUND**

**Statement of Cash Flows  
For the Year Ended December 31, 2012**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating Income (Loss)	<u>(\$7,167)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	49,879
Increase in accounts receivable	(12)
Decrease in accounts payable	(882)
Decrease in accrued interest payable	(73)
Increase in meter deposits	280
Total adjustments	<u>49,192</u>
Net cash provided by operating activities	<u>42,025</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Decrease in bonds payable	(16,816)
Interest expense	(41,650)
Increase in grant revenue	25,000
Total cash flows from capital and related financing activities	<u>(33,466)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earnings	<u>1,412</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>9,971</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>227,587</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$237,558</u></u>

The accompanying notes are an integral part of this statement.

**VILLAGE OF FOREST**  
Forest, Louisiana

**Notes to the Financial Statements**  
**As of and For the Year Ended December 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Forest was incorporated under the provisions of the Lawrason Act in 1966. The village operates under a Mayor-Board of Aldermen form of government. The mayor and aldermen serve four-year terms which expire on December 31, 2012.

The accompanying financial statements of the Village of Forest have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis -for State and Local Governments*, issued in June 1999.

**A. REPORTING ENTITY**

As the governing authority of the village, for reporting purposes, the Village of Forest is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of Forest for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the village to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the village.
2. Organizations for which the village does not appoint a voting majority but are fiscally dependent on the village.

**VILLAGE OF FOREST**

Forest, Louisiana

**Notes to the Financial Statements (Continued)**

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the village has determined that there are no component units that are part of the reporting entity.

**B. BASIC FINANCIAL STATEMENTS -  
GOVERNMENT-WIDE STATEMENTS**

The village's basic financial statements include both government-wide (reporting the village as a whole) and fund financial statements (reporting the village's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type.

The Statement of Net Position (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the village.

In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net position is reported in three parts; invested in capital assets, net of any related debt; restricted net assets; and unrestricted net assets. The village first uses restricted resources to finance qualifying activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the village's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the village's general revenues.

**Allocation of Indirect Expenses** - The village reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense,

## VILLAGE OF FOREST

Forest, Louisiana

### Notes to the Financial Statements (Continued)

which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

#### **C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS**

The financial transactions of the village are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the village. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The village's current operations require the use of only governmental and proprietary funds. The governmental and proprietary fund types used by the village are described as follows:

##### **Governmental Fund Type**

**General Fund** - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the village and is used to account for the operations of the village's office. The various fees and charges due to the village's office are accounted for in this fund. General operating expenditures are paid from this fund.

##### **Proprietary Fund Type - Water Enterprise Fund**

The Water Enterprise Fund is used to account for the operations of the village's water system. The operations are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

## VILLAGE OF FOREST

Forest, Louisiana

### Notes to the Financial Statements (Continued)

#### **D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

##### **1. Accrual:**

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

##### **2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the proprietary type agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The village considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

##### **Revenues**

Franchise taxes and intergovernmental revenues are recorded when the village is entitled to the funds.

**VILLAGE OF FOREST**

**Forest, Louisiana**

**Notes to the Financial Statements (Continued)**

Interest income on bank deposits is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they are received by the village.

Based on the above criteria, franchise taxes have been treated as susceptible to accrual.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**Proprietary Fund Type - Water Enterprise Fund**

The Water Enterprise Fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**E. CASH AND CASH EQUIVALENTS**

Under state law, the village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2012, the village has cash and cash equivalents (book balances) totaling \$256,670.

Demand deposits	\$161,928
Time deposits	<u>94,742</u>
Total	<u>\$256,670</u>

These deposits of \$257,027 are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance.

**F. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The village maintains a threshold level of \$500 or more for capitalizing capital assets.

**VILLAGE OF FOREST**  
**Forest, Louisiana**  
**Notes to the Financial Statements (Continued)**

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the village, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

**G. ANNUAL AND SICK LEAVE**

The Village of Forest has not adopted vacation and sick leave policies; therefore, there is no liability for compensated absences.

**H. RISK MANAGEMENT**

The village is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the fire district maintains a commercial insurance policy covering property, employee liability, and public officials liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2012.

**2. RECEIVABLES**

The following is a summary of receivables at December 31, 2012:

	<u>General Fund</u>	<u>Water Enterprise Fund</u>	<u>Total</u>
Taxes:			
Franchise	\$1,103		\$1,103
Accounts		\$13,819	13,819
Total	<u>\$1,103</u>	<u>\$13,819</u>	<u>\$14,922</u>

**VILLAGE OF FOREST**  
**Forest, Louisiana**  
**Notes to the Financial Statements (Continued)**

**3. CHANGES IN CAPITAL ASSETS**

The following presents changes in capital assets for the year ended December 31, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated -				
Land	\$27,500			\$27,500
Capital assets being depreciated:				
Buildings	169,768			169,768
Improvements other than buildings	13,001			13,001
Equipment	<u>49,927</u>		<u>(\$14,000)</u>	<u>35,927</u>
Total assets	<u>260,196</u>	<u>NONE</u>	<u>(14,000)</u>	<u>246,196</u>
Less accumulated depreciation	<u>65,421</u>	<u>\$9,702</u>	<u>(12,600)</u>	<u>62,523</u>
Net capital assets	<u><u>\$194,775</u></u>	<u><u>(\$9,702)</u></u>	<u><u>(\$1,400)</u></u>	<u><u>\$183,673</u></u>

A summary of proprietary fund type property, plant, and equipment at December 31, 2012, follows:

	<u>Basis</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Water system	\$1,840,796	(\$550,056)	\$1,290,740
Equipment	<u>3,372</u>	<u>(3,372)</u>	<u>NONE</u>
Total	<u><u>\$1,844,168</u></u>	<u><u>(\$553,428)</u></u>	<u><u>\$1,290,740</u></u>

**4. PENSION PLAN**

The employees of the village are members of the Social Security System. In addition to the employee contributions withheld at 7.65 per cent of gross salary, the village contributes an equal amount to the Social Security System. For the year ended December 31, 2012, total salaries paid for 2012 were \$69,714. The village does not guarantee the benefits granted by the Social Security System.

**5. REVENUE BONDS PAYABLE**

At December 31, 2012, the village has two outstanding issues of long-term revenue bonds. In 1990 the village sold a revenue bond to the United States Department of Agriculture, Farmers Home Administration. The issue dated November 14, 1990 was for \$130,200. The issue bears interest at 6.125 per cent per annum. Principal and interest are to be repaid in annual payments of \$8,846 through

**VILLAGE OF FOREST**

Forest, Louisiana

**Notes to the Financial Statements (Continued)**

November 14, 2030. All long-term debt is to be repaid solely from the income and revenues derived from the operation of the water system. In 2008 the village had a preliminary bond issue for \$912,000. The village has received \$755,000 of this issue at December 31, 2008 and the remaining \$157,000 at December, 31, 2012. The issue bears interest at 4.5 per cent per annum. Principal and interest are to be repaid in monthly payments of \$4,141 through July 10, 2048. All long-term debt is to be repaid solely from the income and revenues derived from the operation of the water system.

The following is a summary of revenue bonds payable transactions for the year ended December 31, 2012:

Revenue bonds payable at January 1, 2012	\$920,627
Additions	NONE
Reductions	<u>(16,815)</u>
Long-term debt at December 31, 2012	<u>\$903,812</u>

The annual requirements to amortize the revenue bonds outstanding at December 31, 2012 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$17,688	\$40,850	\$58,538
2014	18,618	39,920	58,538
2015	19,622	38,941	58,563
2016	11,783	37,909	49,692
2017	12,324	37,368	49,692
2018-2022	70,653	177,807	248,460
2023-2027	88,444	160,016	248,460
2028-2032	110,714	137,746	248,460
2033-2037	138,591	109,869	248,460
2038-2042	173,487	74,973	248,460
2043-2047	217,171	31,289	248,460
2048	<u>24,717</u>	<u>324</u>	<u>25,041</u>
Total	<u>\$903,812</u>	<u>\$887,012</u>	<u>\$1,790,824</u>

**6. CONTRIBUTED CAPITAL**

In 1990, the village received a grant totaling \$219,800 from the United States Department of Agriculture, Farmers Home Administration to finance the construction of its water system. The grant amount, shown as contributed capital on the balance sheet, is reduced each year by the amount of depreciation expense recognized on fixed assets constructed or acquired with the grant funds. At December 31, 2012, accumulated depreciation on these assets is \$98,910.

**VILLAGE OF FOREST**

Forest, Louisiana

Notes to the Financial Statements (Continued)

**7. RESERVED RETAINED EARNINGS**

The bond covenant with the Farmers Home Administration for the 1990 revenue bond discussed in note 4 above, requires the village to establish the following reserve accounts:

- A. A "Water Revenue Bond and Interest Sinking Fund". The village must transfer into this fund, each month, one-twelfth of the principal and interest due on the next principal and interest payment date. This fund is used to pay bond principal and interest as they become due.
  
- B. A "Water Reserve Fund". The village must transfer into this fund, each month, an amount equal to 5 per cent of the amount to be paid into the Water Revenue Bond and Interest Sinking Fund. Such amounts may be used only for the payment of matured bonds and interest when sufficient funds are not available in the Water Revenue Bond and Interest Sinking Fund.
  
- C. A "Water Depreciation and Contingency Fund". The village must transfer into this fund, each month, an amount equal to 5 per cent of the amount to be paid into the Water Revenue Bond and Interest Sinking Fund. The deposits in this fund may be used for unusual or extraordinary maintenance, repairs, replacements, and extensions and for the cost of improvements to the system. Money in this fund may also be used to pay principal and interest on bonds falling due at any time there is not sufficient funds in the other reserve funds.

At December 31, 2012 the village has \$42,027 in restricted accounts to meet reserve requirements. The following is a summary of transactions in the bond reserve accounts for the year ended December 31, 2012:

Reserve for revenue bonds payable at January 1, 2012	\$41,105
Deposits	9,745
Interest earnings	23
Debt service	<u>(8,846)</u>
Reserve for bonds payable at December 31, 2012	<u>\$42,027</u>

**8. LITIGATION AND CLAIMS**

The Village of Forest is not involved in any litigation at December 31, 2012, nor is it aware of any unasserted claims.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

**VILLAGE OF FOREST**  
Forest, Louisiana

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
For the Year Ended December 31, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>				
Tax, franchise	\$6,500	\$4,800	\$4,661	(\$139)
Occupational licenses	7,300	6,150	6,318	168
Intergovernmental -				
State grants	5,000			
Fees, charges and commissions	6,500	4,741	5,095	354
Use of money and property - interest earnings			102	102
Other revenues	5,000		586	586
Total revenues	<u>30,300</u>	<u>15,691</u>	<u>16,762</u>	<u>1,071</u>
<b>EXPENDITURES</b>				
General government - current:				
Personal services	5,500	3,000	3,000	
Operating services	16,900	12,288	10,162	2,126
Materials and supplies	7,300	2,325	2,042	283
Public safety	600	665	2,488	(1,823)
Total expenditures	<u>30,300</u>	<u>18,278</u>	<u>17,692</u>	<u>586</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	NONE	(2,587)	(930)	1,657
<b>OTHER FINANCING SOURCE -</b>				
Proceeds from disposal of assets		9,000	8,540	(460)
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	NONE	6,413	7,610	1,197
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>NONE</u>	<u>NONE</u>	<u>12,208</u>	<u>12,208</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>NONE</u>	<u>\$6,413</u>	<u>\$19,818</u>	<u>\$13,405</u>

See accompanying note to budgetary comparison schedule.

**VILLAGE OF FOREST**  
**Forest, Louisiana**

**NOTE TO BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended December 31, 2012**

**A preliminary budget for the ensuing year is prepared for the General Fund by the mayor prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The budget is established and controlled by the board of aldermen at the functional level of expenditure. Encumbrance accounting is not used by the village. Appropriations lapse at year end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of aldermen.**

**Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and all subsequent amendments.**

**VILLAGE OF FOREST  
Forest, Louisiana**

**Schedule of Water Rates  
For the Year Ended December 31, 2012**

<b>Classification</b>	<b>Tariff</b>	<b>Rate</b>
<b>Residential</b>	Monthly minimum for first 2,000 gallons	<b>\$15.00</b>
	Per 1,000 gallons for all over 2,000 gallons	<b>3.50</b>
<b>Commercial</b>	Monthly minimum for first 10,000 gallons	<b>33.00</b>
	Per 1,000 gallons for all over 10,000 gallons	<b>3.50</b>

**VILLAGE OF FOREST**  
Forest, Louisiana

**Schedule of Insurance Coverage**  
As of December 31, 2012

<b>Type of Coverage</b>	<b>Name of Insurer</b>	<b>Policy Number</b>	<b>Amount of Coverage</b>	<b>Expiration Date</b>
<b>Commercial General Liability</b>	<b>Louisiana Municipal Risk Management Agency</b>	<b>LML-124</b>	<b>Aggregate - \$500,000 Each Occurrence - \$500,000 Medical Payments - \$1,000 per person - \$10,000 per accident Fire Legal Liability - \$50,000 per occurrence</b>	<b>5/1/13</b>
<b>Law Enforcement Officers Comprehensive Liability</b>	<b>Louisiana Municipal Risk Management Agency</b>	<b>LML-124</b>	<b>\$500,000</b>	<b>5/1/13</b>
<b>Public Officials Errors and Omissions Liability</b>	<b>Louisiana Municipal Risk Management Agency</b>	<b>LML-124</b>	<b>\$500,000</b>	<b>5/1/13</b>
<b>Worker's Compensation and Employers Liability</b>	<b>Louisiana Municipal Risk Management Agency</b>	<b>WC-0164</b>	<b>Statutory</b>	<b>1/1/13</b>
<b>Standard Fire</b>	<b>Farm Bureau</b>	<b>SF204639</b>	<b>\$292,000</b>	<b>1/22/13</b>
<b>Standard Fire</b>	<b>Farm Bureau</b>	<b>SF187734</b>	<b>\$217,200</b>	<b>4/30/13</b>
<b>Property Damage</b>	<b>State Farm</b>	<b>98-13-6529-5</b>	<b>\$230,400</b>	<b>5/30/13</b>
<b>Fidelity Bond</b>	<b>Fidelity &amp; Deposit Co. of Maryland</b>	<b>30406398</b>	<b>\$100,000</b>	<b>12/1/13</b>

**VILLAGE OF FOREST**  
**Forest, Louisiana**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**

**Proposed Operating Budget**  
**For the Year Ending December 31, 2012**  
**(Unaudited)**

<b>REVENUES</b>	
Water	\$214,000
Other	20,000
Interest income	3,000
Total revenues	<u>237,000</u>
<b>EXPENSES</b>	
Insurance	13,800
Interest expense	6,000
Depreciation expense	15,000
Permits	400
Payroll taxes	13,700
Office	1,700
Repairs and maintenance	3,200
Salaries	71,000
Supplies	14,000
Administrative expense	15,000
Testing expense	5,300
FmHA	50,000
Postage	2,200
Utilities and telephone	25,700
Total expenses	<u>237,000</u>
<b>NET INCOME</b>	<u><u>NONE</u></u>

**OTHER SUPPLEMENTARY INFORMATION**

**PART III**

**VILLAGE OF FOREST**  
**Forest, Louisiana**  
**SUPPLEMENTAL INFORMATION SCHEDULE**  
**As of and For the Year Ended December 31, 2012**

**COMPENSATION PAID ALDERMEN**

The schedule of compensation paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:405, aldermen receive up to \$30.00 for each regular meeting and \$15.00 for each special meeting they attend. Compensation of aldermen is included in personal services and related benefits expenditures of the General Fund.

**VILLAGE OF FOREST  
Forest, Louisiana**

**Schedule of Compensation Paid Aldermen  
For the Year Ended December 31, 2012**

<b>Mike Jones, Mayor</b>	<b>\$1,500</b>
<b>Ed McKaskle</b>	<b>125</b>
<b>Buddy Dukes</b>	<b>100</b>
<b>Theresa Brantley</b>	<b>88</b>
<b>Arizona Pearson</b>	<b><u>12</u></b>
<b>Total</b>	<b><u><u>\$1,825</u></u></b>

**REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
PART IV**

**Independent Auditor's Report Required  
by *Government Auditing Standards***

The following independent auditor's report on compliance and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance *Government Auditing Standards***

**VILLAGE OF FOREST  
Forest, Louisiana**

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Village of Forest as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Village of Forest's basic financial statements, and have issued my report thereon dated March 29, 2013.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Village of Forest's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Forest's internal control. Accordingly, I do not express an opinion on the effectiveness of the Village of Forest's internal control.

*A deficiency in internal control* exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**VILLAGE OF FOREST**

**Forest, Louisiana**

**Independent Auditor's Report on Compliance**

**And Internal Control Over Financial Reporting, etc.**

**December 31, 2012**

**My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

**Compliance and Other Matters**

**As part of obtaining reasonable assurance about whether Village of Forest's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.**

**Purpose of this Report**

**The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Forest's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Forest's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.**



**West Monroe, Louisiana**

**March 29, 2013**

**VILLAGE OF FOREST  
Forest, Louisiana**

**Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2012**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Village of Forest.
2. No instances of noncompliance material to the financial statements of the Village of Forest was disclosed during the audit.
3. No significant deficiency relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**None**

**VILLAGE OF FOREST  
Forest, Louisiana**

**Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2012**

**11-1 Finding: The Village did not comply with the Local Government Budget Act.**

**Recommendation: In the future, the village should comply with Local Government Budget Act.**

**Status: The finding is no longer applicable.**